



If you provide repair or maintenance services to personal property . . .

then **beginning October 1, 2003**, you are a retailer and the gross receipts (charges) from providing repair or maintenance labor to tangible personal property are subject to sales tax. Charges for repair parts are currently subject to tax. **Repair or maintenance labor performed on licensable motor vehicles (except for motor vehicle painting) is not taxable.** Motor vehicles include buses, cars, vans, trucks, pickups, trailers, tractors and semitrailers, recreational vehicles and motorcycles. In addition, charges for repairs made on qualified manufacturing machinery and equipment on and after January 1, 2006 are not taxable.

For information on installations of tangible personal property, including installations on motor vehicles, see our notice titled **“If you install or apply tangible personal property”**.

Contractors performing repair or maintenance services on real property or fixtures should refer to the notice titled “New Sales Tax Laws Affecting Contractors Beginning July 1, 2004” on our Web site. Contractors, repair persons, and manufacturers should refer to the notice titled “Manufacturing Machinery and Equipment Exemption” on our Web site.

Retailers of taxable repair or maintenance services must hold a Nebraska sales and use tax permit and collect the Nebraska and applicable local (city) sales tax on charges for these services. If you need a permit, please refer to the paragraph below titled **“Retailer’s responsibilities”**.

Repair labor is defined as the labor involved in restoring a used, worn, or damaged item of tangible personal property to essentially its original form and condition. Repair labor includes amounts charged for service calls, trip charges, and any other service fees related to the repair.

Examples of **taxable repair or maintenance labor** include, but are not limited to, repair or maintenance on:

- ◆ Lawn mowers and snow blowers;
- ◆ Refrigerators and other household appliances;
- ◆ Electronic equipment, such as computers, copiers, televisions or stereos;
- ◆ Aircraft;
- ◆ Bicycles, golf carts, and other sports equipment;
- ◆ Furniture;
- ◆ Boats, jet skis, and snowmobiles;
- ◆ Shoes, clothing, and jewelry;
- ◆ Race cars, dirt bikes, ATVs, and other vehicles not legally operable on highways; and
- ◆ Manufacturing machinery and equipment (before January 1, 2006).



Examples of **nontaxable repair or maintenance labor** include, but are not limited to, repair or maintenance:

- ◆ On motor vehicles which can legally be operated on the highways;
- ◆ On manufacturing machinery and equipment (on and after January 1, 2006);
- ◆ On qualifying agricultural machinery and equipment used in commercial agriculture;
- ◆ On qualifying prosthetic devices, durable medical equipment and mobility enhancing equipment; and
- ◆ Covered under a warranty or maintenance agreement.

Persons performing repair or maintenance services are the consumers of all equipment and consumable supplies (such as lubricants, solvents, hand tools, office supplies) used in performing their services and must pay the applicable sales or use tax on purchases of such items. Repair or replacement parts which become part of the property being repaired or maintained may be purchased tax-free. When such parts are sold to the customer, the retailer must collect sales tax on the selling price.

Local (city) sales tax. Local sales tax must be collected at the rate in effect at the location where the property is delivered to the customer.

Retailer's responsibilities. Retailers have certain administrative responsibilities for collecting and remitting sales tax. These responsibilities are summarized in our Information Guide titled "**Nebraska and Local Sales Tax**", available on our Web site at: **www.revenue.ne.gov** or call 800-742-7474 (toll free in Nebraska and Iowa) or 402-471-5729 if you are calling from outside of Nebraska or Iowa.